

<i>SERFF Tracking Number:</i>	<i>CNNA-125481062</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>The Cincinnati Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>CBM-08-6005-AR</i>		
<i>TOI:</i>	<i>27.0 Boiler &amp; Machinery</i>	<i>Sub-TOI:</i>	<i>27.0000 Boiler &amp; Machinery</i>
<i>Product Name:</i>	<i>CBM-08-6005-AR</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## Filing at a Glance

Company: The Cincinnati Insurance Company

Product Name: CBM-08-6005-AR

TOI: 27.0 Boiler & Machinery

Sub-TOI: 27.0000 Boiler & Machinery

Filing Type: Form

Effective Date Requested (New): 09/01/2008

Effective Date Requested (Renewal):

State Filing Description:

SERFF Tr Num: CNNA-125481062 State: Arkansas

SERFF Status: Closed

Co Tr Num: CBM-08-6005-AR

Co Status:

Author: Sharon Grubbs

Date Submitted: 02/11/2008

State Tr Num: EFT \$50

State Status: Fees verified and received

Reviewer(s): Betty Montesi,  
Llyweyia Rawlins, Brittany Yielding

Disposition Date: 03/03/2008

Disposition Status: Approved

Effective Date (New): 09/01/2008

Effective Date (Renewal):

## General Information

Project Name:

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 03/03/2008

State Status Changed: 02/25/2008

Corresponding Filing Tracking Number:

Filing Description:

At this time, we wish to file form(s) per the attached memorandum.

Final copies are attached for your review.

Filing fees will be sent through the Electronic Filing Fee System as a (EFT) filing.

Please be advised that we work on a 90-days-in-advance schedule. As a result, we would appreciate your approval by

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June 1, 2008, for the software to be mailed to our agents on July 1, 2008, for the effective date of September 1, 2008.

Your approval is respectfully requested for use on policies effective on or after September 1, 2008.

## Company and Contact

### Filing Contact Information

Sharon Grubbs, Senior Filings Analyst sharon\_grubbs@cinfin.com  
6200 S. Gilmore Road (513) 870-2091 [Phone]  
Fairfield, OH 45014

### Filing Company Information

The Cincinnati Insurance Company CoCode: 10677 State of Domicile: Ohio  
6200 S. Gilmore Road Group Code: 244 Company Type:  
Fairfield, OH 45014 Group Name: State ID Number:  
(513) 870-2000 ext. [Phone] FEIN Number: 31-0542366  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? Yes  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Cincinnati Insurance Company	\$50.00	02/11/2008	17916682

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	03/03/2008	03/03/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Llyweyia Rawlins	02/25/2008	02/25/2008	Sharon Grubbs	02/26/2008	02/26/2008

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## Disposition

Disposition Date: 03/03/2008

Effective Date (New): 09/01/2008

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	FORM FILING SCHEDULE	Approved	Yes
Supporting Document	MEMORANDUM	Approved	Yes
Supporting Document	ARKANSAS CHANGES	Approved	Yes
Form	MACHINERY AND EQUIPMENT COVERAGE FORM	Approved	Yes
Form	COMBINED BUSINESS INCOME/EXTRA EXPENSE COVERAGE	Approved	Yes
Form	EXTRA EXPENSE	Approved	Yes
Form	CONSEQUENTIAL DAMAGE	Approved	Yes
Form	ACTUAL CASH VALUE	Approved	Yes
Form	OBJECT DEFINITIONS NO. 1 - PRESSURE AND REFRIGERATION OBJECTS	Approved	Yes
Form	OBJECT DEFINITION NO. 5 - COMPREHENSIVE COVERAGE	Approved	Yes
Form	COVERAGE LIMITATIONS CHANGES	Approved	Yes
Form	MACHINERY AND EQUIPMENT - NOTICE TO POLICY HOLDERS DIVISION TWO - MACHINERY AND EQUIPMENT COVERAGE FORM AND ENDORSEMENTS	Approved	Yes

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 02/25/2008  
Submitted Date 02/25/2008  
Respond By Date 03/07/2008  
Dear Sharon Grubbs,  
Form BE101:

The appraisal clause(s) found in this filing should be amended to comply with Ark. Code Ann. §23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

The applicable provision of the Arkansas Statute of Limitations of the Arkansas General Code, allows five (5) years in which to commence litigation for this insurance contract. You may amend by extending the time limit to five (5) years or by stating, "within the time allowed by law."

Thanks  
Llyweyia Rawlins

Please feel free to contact me if you have questions.  
Sincerely,  
Llyweyia Rawlins

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 02/26/2008  
Submitted Date 02/26/2008

Dear Llyweyia Rawlins,

### Comments:

### Response 1

Comments: Dear Llyweyia Rawlins,

In response to your Objection Letter, attached please find our state amendatory form ARKANSAS CHANGES IA 4279

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01 06, which addresses your concerns. This form has been approved by the department with an effective date of 01-01-2006 under our filing summary number CMISC-05-6007-AR. If I can be of any further help to you, please let me know.

Sincerely,  
Sharon Grubbs

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: ARKANSAS CHANGES

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Sharon Grubbs

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	MACHINERY AND EQUIPMENT COVERAGE FORM	BE101	08 07	Policy/Coverage Replaced Form	Replaced Form #:0.00 BE101 06 04 Previous Filing #: CBM-04-6010-AR		BE101 08-07.pdf
Approved	COMBINED BUSINESS INCOME/EXTRA EXPENSE COVERAGE	BE202	08 07	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 BE202 12 99 Previous Filing #: CBM-00-6006-AR		BE202 08-07.pdf
Approved	EXTRA EXPENSE	BE203	08 07	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 BE203 12 99 Previous Filing #: CBM-00-6006-AR		BE203 08-07.pdf
Approved	CONSEQUENTIAL DAMAGE	BE204	08 07	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 BE204 12 99 Previous Filing #: CBM-00-6006-AR		BE204 08-07.pdf
Approved	ACTUAL CASH VALUE	BE427	08 07	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 BE427 12 99 Previous Filing #: CBM-00-6006-AR		BE427 08-07.pdf
Approved	OBJECT DEFINITIONS NO. 1 - PRESSURE AND REFRIGERATION OBJECTS	BE442	08 07	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 BE442 12 99 Previous Filing #: CBM-00-6006-AR		BE442 08-07.pdf
Approved	OBJECT DEFINITION NO. 5 - COMPREHENSIVE COVERAGE	BE446	08 07	Endorsement/Amendment/Conditions Replaced	Replaced Form #:0.00 BE446 12 99 Previous Filing #: CBM-00-6006-AR		BE446 08-07.pdf



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Approved	COVERAGE LIMITATIONS CHANGES	BE450	08 07	Endorsement/Amendment/Conditions	Replaced	Replaced Form #:0.00 BE450 12 99 Previous Filing #: CBM-00-6006-AR	BE450	08-07.pdf
Approved	MACHINERY AND EQUIPMENT - NOTICE TO POLICY HOLDERS DIVISION TWO - MACHINERY AND EQUIPMENT COVERAGE FORM AND ENDORSEMENTS	BE473	08 07	Other	New	0.00	BE473	08-07.pdf



# MACHINERY AND EQUIPMENT COVERAGE FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F, **DEFINITIONS** for meaning as used in this policy.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

## A. COVERAGE

We will pay for "direct loss" to Covered Property caused by or resulting from an "accident". If there is no "accident" there is no coverage.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means any property that:

- a. You own; or
- b. Is in your care, custody or control and for which you are legally liable.

### 2. Defense

- a. If there is damage to property of another in your care, custody or control and for which you are legally liable, that was directly caused by an "accident" to an "object", we will have the right and duty to defend you against any "suit" alleging liability for damage to that property. However, we have no duty to defend you against any "suit" alleging liability for damage to property not covered by this Coverage Form.
- b. If a claim or "suit" is brought against you alleging that you are liable for damage to property of another that was caused by an "accident" to an "object", we will either:

- (1) Settle the claim or "suit"; or
- (2) Defend you against the "suit" but keep for ourselves the right to settle it at any point.

### 3. Coverage Extensions

#### a. Expediting Expenses

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs;

- (2) Expedite permanent repairs; and

- (3) Expedite permanent replacement.

We restrict the amount payable for Expediting Expenses as explained in the Limits of Insurance section of this Coverage Form.

## b. Automatic Coverage for a Newly Acquired Location

We will automatically cover an "accident" to an "object" at a newly acquired location. This automatic coverage begins at the time you acquire the property and continues for 90 days, under the following conditions:

- (1) You must inform us, in writing, of the newly acquired location within 90 days of the date you acquire it;
- (2) The "object" must be in use or connected ready for use at the time of acquisition and throughout the period of automatic coverage and be of a type that would be included in any "Object" Group Description shown in the Declarations;
- (3) The Limit of Insurance and Deductible amount will be the highest amounts shown in the Declarations for the same type of "object";
- (4) We will not be liable under this coverage for Consequential Damage, Business Interruption, or any other indirect loss resulting from an "accident" to an "object"; and
- (5) You agree to pay an additional premium as determined by us.

## c. Supplementary Payments

We will pay, with respect to any claim or "suit" we defend:

- (1) All expenses we incur;
- (2) The cost of bonds to release attachments, but only for bond amounts within the Limit of Insurance. We do not have to furnish these bonds;

- (3) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work;
- (4) All costs taxed against you in any "suit" we defend;
- (5) Pre-judgment interest awarded against you on that part of the judgment we become obligated to pay and which falls within the applicable limit of insurance. If we make an offer to pay the applicable Limit of Insurance, we will not pay any pre-judgment interest that is based on the period of time after the offer; and
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance shown in the Declarations.

These payments will not reduce the Limit of Insurance.

## B. EXCLUSIONS

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded whether or not the loss or damage was caused by or resulted from an "accident".

### 1. Earth Movement

Any earth movement, including but not limited to earthquake, landslide, mudslide, subsidence, volcanic eruption, or sink-hole collapse.

### 2. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

### 3. War and Military Action

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by

governmental authority in hindering or defending against any of these.

4. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.
5. Water that backs up or overflows from a sewer, drain or sump.
6. Mold, fungus or mildew and any spores, toxins or by-products produced from mold, fungus or mildew. This includes cost associated with remediation, containment and clean up of mold, fungus or mildew and any cost associated with remediation, containment and clean up of any spores, toxins or other by-products produced from mold, fungus or mildew.
7. An explosion. However, we will pay for direct loss or damage caused by an explosion of an "object" of a kind specified in **a.** through **g.** below, if covered by this insurance and described on an Object Definitions endorsement that is a part of this policy, and is not otherwise excluded in this Section **B.**:
  - a. Steam boiler;
  - b. Electric steam generator;
  - c. Steam piping;
  - d. Steam turbine;
  - e. Steam engine;
  - f. Gas turbine; or
  - g. Moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.
8. The explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere, whether or not the explosion is:
  - a. Contributed to or aggravated by an "accident" to any part of an "object" that contains steam or water; or
  - b. Caused in whole or in part by an "accident" to an "object" or part of an "object".
9. An "accident" that is the result of explosion, fire or smoke.
10. Fire or explosion that occurs at the same time as an "accident" or that ensues from an "accident".

11. Water or other means used to extinguish a fire, even when the attempt is unsuccessful.
12. An "accident" that is caused by any of the following causes of loss if coverage for that cause of loss is provided by another policy of insurance you have whether collectible or not:
  - a. Aircraft or vehicles;
  - b. Lightning; or
  - c. Sprinkler leakage.
13. An "accident" that is caused by any of the following causes of loss:
  - a. Windstorm or hail;
  - b. Freezing, caused by cold weather; or
  - c. Weight of snow, ice or sleet.
14. Lack of power, light, heat, steam or refrigeration.
15. A delay in, or an interruption of, any business, manufacturing or processing activity.
16. Any other indirect result of an "accident" to an "object".

### **C. LIMITS OF INSURANCE**

1. We will not pay more than the applicable Limit of Insurance shown in the Declarations for all direct damage to Covered Property that results from any "one accident".
2. The following additional limitations for direct damage to Covered Property are part of and not in addition to the Limit of Insurance for this Coverage Form:
  - a. **Expediting Expenses Limitation**  
 Our payment for Expediting Expenses will be limited to:
    - (1) \$50,000; or
    - (2) What is left of the Limit of Insurance after we pay your loss for Covered Property damaged by an "accident";
 whichever is less.
  - b. **Hazardous Substance Limitation**  
 If Covered Property is damaged, contaminated or polluted by a "hazardous substance" other than ammonia as a result of an "accident" to an "object", the most we will pay for any additional expenses incurred by you for clean up, repair or replacement or disposal of that property is \$50,000. As used here, additional expenses mean expenses incurred beyond those for which we would be liable if no "hazardous substance" had been involved.

### **c. Ammonia Contamination Limitation**

If Covered Property is contaminated by ammonia as a result of an "accident" to an "object", the most we will pay for this kind of damage, including salvage expense, is \$50,000.

### **d. Water Damage Limitation**

If Covered Property is damaged by water as a result of an "accident", the most we will pay for this kind of damage, including salvage expense, is \$50,000.

### **e. Data, Media, and Software Restoration Limitation**

If electronic data, electronic media, or electronic software is lost or corrupted as the result of an "accident" to covered equipment, the most we will pay for expenses incurred by you for the restoration of that data, media or software is \$50,000.

### **f. Ordinance of Law Limitation**

If any increase in loss occurs as a result of the enforcement of any ordinance, law, regulation, rule or ruling regulation or restricting repair, replacement, alteration, use, operation, construction or installation of damaged property, the most we will pay for the increased cost will be \$50,000.

Any payment made under Section **C. LIMITS OF INSURANCE** will not increase if more than one insured is shown in the Declarations.

### **D. DEDUCTIBLE**

We will not pay for loss or damage resulting from any "one accident" until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance. If more than one "object" is involved in "one accident", only the highest Deductible will apply.

### **E. MACHINERY AND EQUIPMENT CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions.

## **1. Loss Condition**

### **a. Abandonment**

There can be no abandonment of any property to us.

### **b. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

### **c. Duties in the Event of Loss or Damage**

- (1) You must see that the following are done in the event of loss or damage:
  - (a) Give us a prompt notice of the loss or damage. Include a description of the property involved.
  - (b) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (c) Allow us a reasonable time and opportunity to examine the property and premises before repairs are undertaken or physical evidence of the "accident" is removed. But you must take whatever measures are necessary for protection from further damage.
  - (d) Permit us to inspect the property and records proving the loss or damage. Also permit us to take samples of damaged property

for inspection, testing and analysis.

- (e) If requested, permit us to question you under oath, at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
- (f) Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request.
- (g) Cooperate with us in the investigation or settlement of the claim.

- (2) We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

### **d. Insurance Under Two or More Coverages**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage, subject to the Limit of Insurance.

### **e. Legal Action Against Us**

No one may bring a legal action against us under this Coverage Form unless:

- (1) There has been full compliance with all the terms of this Coverage Form; and
- (2) The action is brought within 2 years after the date of the "accident"; or
- (3) We agree in writing that you have an obligation to pay for damage to Covered Property of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

**f. Loss Payable Clause**

- (1) We will pay you and the loss payee shown in the Declarations for loss due to an "accident", as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, sequestration or embezzlement on your part.
- (2) We may cancel the policy as allowed by the Cancellation Condition of the Common Policy Conditions. Cancellation ends this agreement as to the loss payee's interest.  
  
If we cancel we will mail you and the loss payee the same advance notice.
- (3) If we make any payment to the loss payee, we will obtain their rights against any other party.

**g. Other Insurance**

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering on the same basis.
- (2) If there is other insurance covering the same loss or damage, other than that described in (1) above, we will pay only the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not.

In no case will we pay more than the applicable Limit of Insurance.

**h. Privilege to Adjust with Owner**

In the event of loss or damage involving property of others in your care, custody or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.

**i. Transfer of Rights of Recovery Against Others to Us**

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.

**j. Valuation**

- (1) We will pay you the amount you spend to repair or replace your property directly damaged by an "accident". Our payment will be the smallest of:

- (a) The Limit of Insurance;
- (b) The cost at the time of the "accident" to repair the damaged property with property of like kind, capacity, size and quality;
- (c) The cost at the time of the "accident" to replace the damaged property on the same site with other property:
  - (i) Of like kind, capacity, size and quality; and
  - (ii) Used for the same purpose; or
- (d) The amount you actually spend that is necessary to repair and replace the damaged property.

- (2) As respects any "object", if the cost of repairing or replacing only a part of the "object" is greater than:

- (a) The cost of repairing the "object"; or
- (b) The cost of replacing the entire "object" on the same site;

we will pay only the smaller of (a) or (b).

The repair parts or replacement "object" must be:

- (c) Of like kind, capacity, size and quality; and
- (d) Used for the same purpose.

The cost of repair or replacement in (1) and (2) above does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

(3) We will not pay you:

- (a) If the loss or damage is to property that is obsolete or useless to you; or
  - (b) For any extra cost if you decide to repair or replace the damaged property with property of a better kind or quality or of larger capacity.
- (4) If you do not repair or replace the damaged property within 18 months after the date of the "accident", then we will pay only the smaller of the:
- (a) Cost it would have taken to repair; or
  - (b) "Actual cash value" at the time of the "accident".

Paragraph (4) does not apply to any time period beyond the 18 months that we agree to in writing.

## 2. General Conditions

### a. Additional Insured

If a person or organization is designated in this Coverage Form as an additional insured, we will consider them to be an insured under this Coverage Form to the extent of their Interest.

### b. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of an obligation under this Coverage Form.

### c. Liberalization

If, within 60 days prior to the beginning of this Coverage Form or during the policy period, we make any changes to any forms or endorsements of this Coverage Form for which there is currently no separate premium charge, and that change provides more coverage than this Coverage Form, the change will be considered as included until the end of the current policy period. We will make no additional premium charge for this additional coverage during the interim.

### d. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

### e. Object Group

All "objects" in use or connected ready for use and included in an "Object" Group Definition will be considered as individually described in the Declarations. The premiums for "objects" included in an "Object" Group Description will be adjusted as follows:

- (1) We will base the initial premium for these "objects" on information we obtain. The rates charged will be those in effect on the first day of coverage.
- (2) We will charge an additional premium for "objects" that are added to the policy after the effective date of this policy. The additional premium for these "objects" will be computed pro rata.
- (3) We will allow a return premium for "objects" that are removed from the policy after the effective date of the policy. The return premium will be computed pro rata from the time the "objects" are disconnected.

### f. Policy Period, Coverage Territory

Under this Coverage Form:

- (1) The "accident" must occur:
  - (a) During the Policy Period shown in the Declarations; and
  - (b) Within the coverage territory.
- (2) The coverage territory is:
  - (a) The United States of America; and
  - (b) Puerto Rico.

### g. Concealment, Misrepresentation or Fraud

This Coverage Form is void in any case of fraud by you relating to it. It is also void if you intentionally conceal or misrepresent a material fact concerning:

- (1) This Coverage Form;



- (2) The Covered Property; or
- (3) Your interest in the Covered Property.

**h. Suspension**

Whenever an "object" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "object". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "object" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "object".

If we suspend your insurance, you will get a pro rata refund of premium for that "object". But the suspension will be effective even if we have not yet made or offered a refund.

**F. DEFINITIONS**

- 1. "Accident" means a sudden and accidental breakdown of the "object" or a part of the "object". At the time the breakdown occurs, it must manifest itself by physical damage to the "object" that necessitates repair or replacement.

None of the following is an "accident":

- a. Depletion, deterioration, corrosion or erosion;
- b. Wear and tear;
- c. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- d. Breakdown of any vacuum tube, gas tube or brush;
- e. Breakdown of any structure or foundation supporting the "object" or any of its parts; or

- f. The functioning of any safety or protective device.

Turbine Units may have a separate definition of "accident". If so, refer to the Declarations for the appropriate accident Definition.

If a strike, riot, civil commotion, act of sabotage or vandalism results in an "accident", this insurance applies. However, the War and Military Action Exclusion and the conditions of this Coverage Form still apply.

- 2. "Actual cash value" means the market value of new, identical or nearly identical property less reasonable deduction for depreciation, age, condition and obsolescence. We will use a 3% depreciation factor for each year of use for the "object" not to exceed 50% depreciation.
- 3. "Hazardous Substance" means a substance declared to be hazardous to health by a governmental agency.
- 4. "Object" means the equipment shown in the Declarations. Full descriptions of specific "object" categories are found in the Object Definitions endorsement attached to this Coverage Form.

- 5. "One Accident" means:

If an initial "accident" causes other "accidents" all will be considered "one accident". All "accidents" at any one location that manifest themselves at the same time and are the result of the same cause will be considered "one accident".

- 6. "Suit" means a civil proceeding and includes:
  - a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent.



## A. COVERAGE

1. **Business Income / Extra Expense.** We will pay for the "actual loss of Business Income" you sustain from a total or partial interruption of business, and / or the reasonable "Extra Expense" you incur to reduce or avert an interruption of business, during the "period of restoration" provided all the following requirements are met:

- a. The "actual loss of business income" or "extra expense" must be caused by an "accident" to an "object",
- b. The "accident" must occur during the time this coverage is in force;
- c. The "object" that has the "accident" must be of a type specified as covered in the Combined Business Income / Extra Expense Coverage schedule, that is:
  - (1) Covered property, in use or connected ready for use at a covered "location", or;
  - (2) Utility Equipment on or within one mile of a covered "location", owned or operated by an entity supplying you with electricity, gas, water, steam, heat, refrigeration, air conditioning or communication services.

2. **Ordinary Payroll.** If Ordinary Payroll Coverage is shown in the Combined Business Income / Extra Expense schedule, the words - but not your ordinary payroll - are deleted from the definition of "actual loss of business income".

## B. EXCLUSIONS

1. All the Exclusions of the Machinery and Equipment Coverage Form apply to loss or expense under this endorsement except:
  - a. **B. EXCLUSIONS, 14.** Lack of power, light, heat, steam or refrigeration;
  - b. **B. EXCLUSIONS, 15.** A delay in, or interruption of, any business, manufacturing or process activity; or
  - c. **B. EXCLUSIONS, 16.** Any other indirect result of an "accident" to an "object".
2. In addition we will not pay for any loss or expense due to:
  - a. The interruption of business that would not or could not have been carried on if the "accident" had not occurred;

- b. Your failure to use due diligence and dispatch and all reasonable means to resume business at the "location(s)" shown in the schedule; and
- c. The suspension, lapse or cancellation of a contract following an "accident" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or cancelled.

## C. DEDUCTIBLE

### 1. Time Deductible

If a time deductible is shown in the Combined Business Income / Extra Expense schedule, we will not be liable for any loss or expense under this endorsement occurring during that specified time period immediately following the "commencement of liability".

### 2. Multiple of Daily Value Deductible

If a multiple of daily value is shown in the Combined Business Income / Extra Expense schedule, we will first subtract from the total amount we would otherwise pay, a dollar amount that is equal to the daily value during the period of interruption at the "location(s)" where the "loss" occurred, multiplied by the multiple specified on the schedule. The daily value is the amount that would have been earned each working day had no "accident" occurred.

## D. CONDITIONS

The following conditions apply in addition to the **Common Policy Conditions** and part **E. Machinery and Equipment Conditions** of the Machinery & Equipment Coverage Form.

### 1. Notice of Accident and Commencement of Liability

You must immediately give notice of an "accident" to any of our offices. You must confirm that notice in writing. Our liability under this endorsement starts:

- a. At the time of the "accident"; or
- b. 24 hours before we receive notice of the "accident"; whichever is later.

### 2. Payment Limits

Payment for loss or expense under this endorsement is subject to the following:

- a. Our total payment for any "one accident" for actual loss of business income or extra expense, will not exceed the Limit of Loss shown in the Combined Business Income / Extra

Expense schedule. This Limit of Loss is not part of the Limit of Insurance; it is a separate limit;

- b. Our payment will not increase if more than one insured is shown on the Declarations; and
- c. Loss or expense under this coverage from an "accident" that occurs during the time this endorsement is in force may continue beyond the termination or expiration of this endorsement. Our liability for that loss or expense is not limited by the termination or expiration;
- d. The amount of our "extra expense" payment will reflect a deduction for the salvage value of any substitute or temporary equipment remaining after you resume "normal" operations.

### 3. Reducing Your Loss

As soon as possible after an "accident" you must:

- a. Resume business, partially or completely; and
- b. Make up lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed.
- c. Make use of every available means including:
  - (1) Working extra time or overtime, either at the "location" or at another location you acquire to carry on the same operations;
  - (2) The property or services of other concerns; and
  - (3) Merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain.

## E. DEFINITIONS

- 1. "Actual loss of business income" means the sum of:
  - a. The net income (Net Profit or Loss before income taxes) that would have been earned or incurred following an "accident"; and
  - b. Whatever part of the following fixed charges and expenses the business failed to earn but would have earned if there had been no "accident":

(1) Salaries and wages of officers, executives, employees under contract and other essential employees, as well as pensions and directors' fees but not your ordinary payroll; and

(2) Manufacturing, selling, administrative expenses and any other items contributing to your overhead expenses.

In calculating the "actual loss of business income", we will take into account the actual experience of your business before the "accident" and the probable experience you would have had without the "accident".

### 2. "Extra Expense" means:

a. The cost of operating your business during the "period of restoration" minus what the cost of operating it would have been had no "accident" occurred. Included in "extra expense" are the cost of necessary emergency services, merchandise or property of other concerns.

b. May also include all or part of the cost of repairing or replacing property damaged or destroyed by an "accident". To qualify as "extra expense", that cost must be incurred for the purpose of minimizing the total of our "extra expense" payment. The amount that we would include in our "extra expense" payment would be equal to:

(1) The savings in "extra expense" you have enabled us to realize by having the repairs or replacements made; or

(2) The amount of "extra expense" you paid to have the repairs or replacements made; whichever is less.

3. "Location" means the premises at the address shown on the Combined Business Income / Extra Expense schedule.

4. "Commencement of Liability" means that our liability under this endorsement starts:

a. At the time of the "accident"; or

b. 24 hours before we receive notice of the "accident"; whichever is later.

5. "Period of Restoration" means the period of time that:

- a. Begins at the time of the "Commencement of Liability"; and
- b. Ends 5 consecutive days after the date when the damaged property at

the described "location" is repaired or replaced.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXTRA EXPENSE**

This endorsement modifies insurance provided under the following:

### **MACHINERY AND EQUIPMENT COVERAGE FORM**

#### **SCHEDULE\***

Location(s) \_\_\_\_\_

Limit of Extra Expense (Dollars \$ \_\_\_\_\_ )

Deductible (Dollars \$ \_\_\_\_\_ )

Covered "Objects" \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

#### **Maximum Payment (% of Limit of Extra Expense)**

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

\_\_\_\_\_ %

#### **Restoration Period**

less than one month

more than one, but less than 2 months

more than 2, but less than 3 months

more than 3, but less than 4 months

more than 4, but less than 5 months

more than 5, but less than 6 months

more than 6, but less than 7 months

more than 7, but less than 8 months

more than 8, but less than 9 months

more than 9, but less than 10 months

more than 10, but less than 11 months

more than 11, but less than 12 months

\*Information required to complete this schedule, if not shown on this endorsement, will be shown in the Declarations

## A. Coverage

We will pay for the "Extra Expense" you necessarily incur to operate your business during the "period of restoration" as nearly "normal" as practicable following an "accident" provided all of the following requirements are met:

1. The "Extra Expense" must be caused solely by an "accident" to an "object";
2. The "accident" must occur during the time this coverage is in force; and
3. The "object" that has the "accident" must be of a type specified as covered in the Extra Expense Schedule, that is;
  - a. Covered property, in use or connected ready for use at a covered location, or;
  - b. Utility Equipment on or within one mile of a covered "location", owned or operated by an entity supplying you with electricity, gas, water, steam, heat, refrigeration, air conditioning or communication services.

## B. Exclusions

1. All the Exclusions in the Machinery and Equipment Coverage Form apply to "extra expense" under this endorsement except:
  - a. **B. EXCLUSIONS, 14.** Lack of power, light, heat, steam or refrigeration;
  - b. **B. EXCLUSIONS, 15.** A delay in, or interruption of, any business, manufacturing or process activity; or
  - c. **B. EXCLUSIONS, 16.** Any other indirect result of an "accident" to an "object".
2. In addition we will not pay for any "extra expense" due to:
  - a. The interruption of business that would not or could not have been carried on if the "accident" had not occurred;
  - b. Your failure to use due diligence and dispatch and all reasonable means to operate your business as nearly "normal" as practicable at the "location(s)" shown in the Schedule; and
  - c. The suspension, lapse or cancellation of a contract following an "accident" extending beyond the time business could have resumed if the

contract had not lapsed, been suspended or cancelled.

## C. Deductible

If a dollar deductible is shown in the Extra Expense Schedule, we will first subtract the Deductible amount shown in the Schedule from the amount we would otherwise pay under this endorsement.

## D. Conditions

The following conditions apply in addition to the Common Policy Conditions and part E. Machinery and Equipment Conditions of the Machinery & Equipment Coverage Form.

### 1. Notice of Accident and Commencement of Liability

You must immediately give notice of "accident" to any of our offices. You must confirm any notice in writing. Our liability under this endorsement starts:

- a. At the time of the "accident"; or
- b. 24 hours before we receive notice of "accident";

whichever is later.

### 2. Payment Limits

Payment for "extra expense" under this coverage is subject to the following:

- a. The Limit of Extra Expense shown is subject to the percentage of Limit of Extra Expense based on the actual period of "loss", as indicated in the Schedule of this form;

In the event that:

- (1) Your "period of restoration" exceeds the total "months" for which a percentage is entered; and
- (2) Our "extra expense" payments have not exhausted your insurance under this Extra Expense endorsement;

the unexhausted part of the Limit of Extra Expense is available for the remainder of the "period of restoration".

- b. Our total payment for any "one accident" for "extra expense" will not exceed the Limit of Extra Expense shown in the Schedule. The Limit of Extra Expense is not a part of the Limit of Insurance; it is a separate limit.

- c. Our "extra expense" payment will not increase if more than one Insured is named in the Declarations.
- d. Our liability for "Extra expense" from an "accident" that occurs during the time this endorsement is in force may continue beyond the termination or expiration of this endorsement.
- e. The amount of our "extra expense" payment will reflect a deduction for the salvage value of any substitute or temporary equipment remaining after you resume "normal" operations.

## E. Definitions

### 1. "Extra Expense"

- a. Means the cost of operating your business during the "period of restoration" minus what the cost of operating it would have been had no "accident" occurred. Included in "extra expense" are necessary emergency services, merchandise or other property of other concerns.
- b. May also include all or part of the cost of repairing or replacing property damaged or destroyed by an "accident". To qualify as "extra expense", that cost must be incurred for the purpose of minimizing the total of our "extra expense". The amount that we would include in our "extra expense" payment would be equal to:
  - (1) The savings in "extra expense" you have enabled us to realize

by having the repairs or replacements made; or

- (2) The amount of "extra expense" you paid to have the repairs or replacements made;

whichever is less.

- c. Does not mean:

- (1) Loss of income; or
- (2) Expense in excess of what is necessary to keep your business operating as nearly "normal" as practicable.

- 2. "Location" means the premises at the address shown on the Extra Expense Schedule.
- 3. "Month" means a period of 30 consecutive days.
- 4. "Normal" means the condition that would have existed had no "accident" occurred.
- 5. "Period of restoration" means the period of time that:
  - a. Begins at the time of the commencement of liability; and
  - b. Ends on the date when the damaged property at the described "location" is repaired or replaced.

"Period of restoration" does not include any increased time period required by, caused by or resulting from enforcement of any item cited by the Ordinance or Law exclusion in the Machinery and Equipment Coverage Form.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CONSEQUENTIAL DAMAGE**

This endorsement modifies insurance provided under the following:

**MACHINERY AND EQUIPMENT COVERAGE FORM**

**SCHEDULE\***

Location(s) \_\_\_\_\_

Limit of Loss (Dollars \$ \_\_\_\_\_ )

Deductible (Dollars \$ \_\_\_\_\_ )

Coinsurance (\_\_\_\_\_%)

Specified Property \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\*Information required to complete this schedule, if not shown on this endorsement, will be shown in the Declarations.

## A. Coverage

1. We will pay you for "consequential damage" to "specified property" provided all of the following requirements are met:
  - a. The "consequential damage" must be caused solely by an "accident" to an "object";
  - b. The "accident" must occur during the time this coverage is in force; and
  - c. The "object" that has the "accident" must be of a type specified as covered in the Consequential Damage Schedule and is;
    - (a) Covered property, in use or connected ready for use at a covered location, or;
    - (b) Utility Equipment on or within one mile of a covered "location", owned or operated by an entity supplying you with electricity, gas, water, steam, heat, refrigeration, air conditioning or communication services.
2. We will also pay:
  - a. For loss to "specified property" of others for which you are legally liable; and
  - b. The reasonable expense incurred by you or us to reduce or avert "consequential damage". The amount we pay for that expense is limited to the amount that our payment under Paragraphs 1. and 2.a. above is reduced.

## B. Exclusions

1. All the exclusions of the Machinery and Equipment Coverage Form apply to loss and expense under this endorsement except:
  - a. **B. EXCLUSIONS, 14.** Lack of power, light, heat, steam, or refrigeration;
  - b. **B. EXCLUSIONS, 15.** A delay in, or interruption of, any business, manufacturing or process activity; or
  - c. **B. EXCLUSIONS, 16.** Any other indirect result of an "accident" to an "object".
2. In addition, we will not pay for your failure to use due diligence and dispatch and all reasonable means to protect the "specified property" from damage following an "accident".

## C. Deductible

If a dollar deductible is shown in the Consequential Damage Schedule, we will not pay for loss or expense resulting from any "one accident" until the amount of loss or expense exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or expense in excess of the Deductible, up to the applicable Limit of Insurance. If more than one "object" is involved in "one accident", only the highest Deductible will apply.

## D. Conditions

The following conditions apply in addition to the **Common Policy Conditions** and part **E. Machinery and Equipment Conditions** of the Machinery and Equipment Coverage Form.

### 1. Valuation

We will determine the Value of Specified Property covered by this endorsement as follows:

- a. For raw materials, the replacement cost;
- b. For goods in process, the replacement cost of the raw materials and the labor and overhead charges attributable to those goods; and
- c. For finished goods, the selling price, as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had.

### 2. Coinsurance

We will not pay the full amount of your loss if the Limit of Loss at the time of the "accident" is less than the product of the Coinsurance percentage shown in the Consequential Damage Schedule times the value of all "specified property" at the "location" where the "accident" occurs.

Instead, we will determine the most we will pay by using the following steps:

- a. Divide the Limit of Loss by the product of the Coinsurance percentage multiplied by the total value of all "specified property" at the time of the "accident".
- b. Multiply the total amount of the covered loss by the figure determined in Paragraph 2.a., above.
- c. Subtract the applicable deductible from the amount determined in Paragraph 2.b., above.

- d. The resulting amount or the Limit of Loss for "consequential damage", whichever is less, is the most we will pay. We will not pay for the remainder of the loss.

### **3. Payment Limits**

Payment for loss or expense under this endorsement is subject to the following:

- a. Our total payment for any "one accident" for "consequential damage" or expenses will not exceed the Limit of Loss shown on the Consequential Damage Schedule. This Limit of Loss is not a part of the Limit of Insurance; it is a separate limit;
- b. Our payment will not increase if more than one insured is shown on the Declarations;
- c. Our liability for loss or expense under this endorsement from an "accident" that occurs during the time this coverage is in force may continue beyond the termination or expiration of this coverage.

### **4. Reducing Your Loss**

As soon as possible after an "accident" you must make use of every available means to reduce or avert loss partially or completely, including:

- a. Use of merchandise or other property such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
- b. Salvaging "specified property".

### **E. Definitions**

- 1. "Consequential damage" means loss due to spoilage from lack of power, light, heat, steam or refrigeration, resulting from an "accident".
- 2. "Location" means the premises at the address shown on the Consequential Damage Schedule.
- 3. "Specified property" means only the property described in the Schedule of this endorsement.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ACTUAL CASH VALUE**

This endorsement modifies insurance provided under the following:

**MACHINERY AND EQUIPMENT COVERAGE FORM**

**SCHEDULE\***

Location(s) \_\_\_\_\_

"Objects" \_\_\_\_\_

**E. MACHINERY AND EQUIPMENT CONDITIONS, 1. Loss Conditions, j. Valuation** is deleted in its entirety and replaced by the following for any "objects" entered at the locations indicated in the Schedule above:

**j. Valuation**

We will pay you the "actual cash value" of your Covered Property directly damaged by the "accident". If damaged property can be restored by the replacement of any part or parts we will pay only the lesser of:

- (1)** The reasonable cost of the restoration; or
- (2)** The "actual cash value" of the damaged property.

\* Information required to complete this schedule, if not shown on this endorsement, will be shown in the Declarations.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OBJECT DEFINITIONS NO. 1 - PRESSURE AND REFRIGERATION OBJECTS**

This endorsement modifies insurance provided under the following:

### **MACHINERY AND EQUIPMENT COVERAGE FORM**

#### **A. "OBJECTS" DEFINED**

##### **1. Boilers, Fired Vessels and Electric Steam Generators**

###### **a. "Object" means:**

Any boiler, fired vessel or electric steam generator shown in the Declarations and includes any:

- (1)** Steel economizer used solely with them; and
- (2)** Metal steam boiler piping, valves, fittings, traps and separators;  
but only if they:
  - (a)** Are on your premises or between parts of your premises; and
  - (b)** Contain steam or its condensate generated in whole or in part in an "object"; and
- (3)** Metal feed water piping between any steam boiler and a feed pump or injector.

###### **b. "Object" does not mean:**

- (1)** Any part not containing steam or water;
- (2)** Any boiler setting;
- (3)** Any insulating or refractory material;
- (4)** Any piping not containing steam or its condensate;
- (5)** Any "buried" piping;
- (6)** Piping, radiators, coils, vessels or apparatus, other than those included above;
- (7)** Any reciprocating or rotating machine; or
- (8)** Any electrical apparatus.

###### **c. Any of the following vessels listed below are included within the provi-**

sions of **1.a.** above when used with an "object":

- (1)** Condensate return tank;
- (2)** Cushion or expansion tank used with a hot water heating boiler; and
- (3)** Indirect water heater tank used for hot water supply service but only if it:
  - (a)** Is directly in the water circulating system of the "object" it is used with; and
  - (b)** Does not form part of a storage water tank.
- d.** For any boiler or fired vessel, the furnace of the "object" and the gas passages from there to the atmosphere are not part of the "object".
- e.** When a vessel uses a heat transfer medium other than water or steam we will consider the medium or its vapor as substitutes for the words - water or steam.

##### **2. Unfired Vessels**

###### **a. "Object" means any unfired vessel shown in the Declarations. However, "object" does not include any:**

- (1)** Electric steam generator;
- (2)** Part of a vessel that is not under:
  - (a)** Pressure of the contents of the vessel; or
  - (b)** Internal vacuum;
- (3)** Insulating or refractory material;
- (4)** Reciprocating or rotating apparatus within or forming a part of the vessel;
- (5)** Electrical apparatus within or forming a part of the vessel;

- (6) Piping leading to and from the vessel;
- (7) "Buried" vessel or piping;
- (8) Cylinder containing a movable plunger or piston; or
- (9) Vessel, radiator, inductor, convector or coil connected to or used with a refrigerating or air conditioning system.

b. We will consider that the - connected ready for use - requirement of the Coverage Form and its endorsements has been met by any "object" in this section if that "object" is:

- (1) Periodically filled, moved, emptied and refilled in the course of its normal service; and
- (2) Used for storage of gas or liquid.

### 3. Refrigerating and Air Conditioning Vessels and Piping

a. "Object" means any refrigerating or air conditioning vessel and metal piping shown in the Declarations consisting of:

- (1) Interconnected vessels, coils and piping that contain refrigerant;
- (2) Vessels heated directly or indirectly that:
  - (a) Form part of an absorption type system; and
  - (b) Function as a generator, refrigerator or concentrator; and

(3) Valves and fittings.

When the "object" is an absorption system, it also includes hermetic solution pumps, hermetic evaporator refrigerant pumps and purge pumps (or compressors) together with their driving electric motors.

If the Declarations show - Additional Vessels and Piping Included - "object" will also include:

- (4) Vessels, radiators, coils and all interconnecting metal piping along with their valves and fittings, that are connected to or used with the system and within which steam, water, brine or other solution is circulated for cooling, humidity control or space heating.

When a vessel uses a heat transfer medium other than water or steam, we will consider the medium or its vapor as substitutes for the words - water or steam - as used in this section.

b. However, "object" does not include any:

- (1) Boiler;
- (2) Steam piping;
- (3) Reciprocating or rotating machine or apparatus;
- (4) Electrical apparatus except as included in Paragraph 3.a.(3) above;
- (5) Any hose, flexible device or nonmetallic pipe connected to an electronic computer or electronic data processing equipment;
- (6) Vessel, cooling tower, reservoir or other source of supply of cooling water for a condenser or compressor as well as any water piping leading to or from such a source of supply; or
- (7) "Buried" vessel or piping.

### 4. Auxiliary Piping

a. "Object" means any metal piping shown in the Declarations including any valve, fitting, trap or separator on the piping.

b. However, "object" does not include any:

- (1) Radiator, convector, coil or other vessel or apparatus connected to that piping; or
- (2) "Buried" piping.

### 5. Small Compressing and Refrigerating Units

a. "Object" means any small compressing or refrigerating unit shown in the Declarations (not over 15 h.p. - maximum nameplate rating).

b. However, "object" does not include any wiring or piping leading to and from the unit.

### 6. Air Conditioning Units

a. "Object" means any air conditioning unit shown in the Declarations (not over 600,000 BTU per Hour - maxi-

mum nameplate rating) and including any:

- (1) Interconnected vessels, radiators, inductors, convectors and coils that make use of a refrigerant, steam, water, brine or other solution and form part of the unit;
- (2) Interconnecting metal piping, valves and fittings containing only a refrigerant, water, brine or other solution;
- (3) Vessels heated directly or indirectly that:
  - (a) Form part of an absorption type unit; and
  - (b) Function as a generator, regenerator or concentrator;
- (4) Compressors, pumps, fans and blowers used solely with the unit together with their driving electric motors; and
- (5) Control equipment used solely with the unit.

b. However, "object" does not include any:

- (1) Boiler;
- (2) Steam piping;
- (3) Vessels, cooling tower, reservoir or other source of supply of cooling water for a condenser or compressor, or water piping leading to or from such a source of supply;
- (4) Electrical wiring or electrical conduit leading to or from the unit; or
- (5) Electronic computer or electronic data processing equipment, unless used to operate one or more insured "objects".

## **B. DEFINITION**

The following definition is added for the purposes of this endorsement only:

"Buried" means any "object" or part of an "object" that is covered and in contact with soil or other fill material and not encased in conduit or a protective covering.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OBJECT DEFINITION NO. 5 - COMPREHENSIVE COVERAGE**

This endorsement modifies insurance under the following:

### **MACHINERY AND EQUIPMENT COVERAGE FORM**

**A. "Object" means any:**

1. Boiler, fired vessel, unfired vessel normally subject to vacuum or internal pressure other than weight of its contents, refrigerating and air conditioning vessels, and any metal piping and its accessory equipment;
2. Mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.
3. Any of the following vessels listed below are included within the provisions of this section when used with an "object":
  - a. Condensate return tank;
  - b. Cushion or expansion tank used with a hot water heating boiler.

**B. "Object" does not mean any:**

1. Part of a boiler, fired vessel or electric steam generator that does not contain steam or water;
2. Insulating or refractory material;
3. Non-metallic vessel, unless it is constructed and used in accordance with the American Society of Mechanical Engineers Code (A.S.M.E.);
4. Catalyst;
5. "Buried" vessel or piping;
6. Sewer piping, piping forming a part of a fire protection system or water piping other than:
  - a. Feed water piping between any boiler and its feed pump or injector; or
  - b. Boiler condensate return piping; or
  - c. Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
7. Part of an unfired vessel that is not under:

a. Pressure of the contents of the vessel; or

b. Internal vacuum;

8. Oven, stove, furnace, incinerator, pot or kiln but does include any electrical machine or electrical apparatus mounted on or used with this equipment.
9. Structure, foundation, cabinet or compartment containing the "object";
10. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
11. Conveyor, crane, elevator, escalator or hoist, but does include any electrical machine or electrical apparatus mounted on or used with this equipment;
12. Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement;
13. "Object" manufactured by you for sale.

**C.** For any boiler or fired vessel, the furnace of the "object" and the gas passages from there to the atmosphere are not part of the "object".

**D.** When a vessel uses a heat transfer medium other than water or steam we will consider the medium or its vapor as substitutes for the words - water or steam.

**E.** We will consider that the - connected ready for use - requirement of the Coverage Form and its endorsements has been met by any "object" defined in this endorsement if that "object" is:

1. Periodically filled, moved, emptied and refilled in the course of its normal service; and
2. Used for storage of gas or liquid.

**F.** For any gas turbine, "accident" does not include the cracking of any part of the "object" exposed to the products of combustion.



- G.** Catalysts used with "objects" are not considered part of the "object".
- H.** The following definition is added for the purposes of this endorsement only:

"Buried" means any "object" or part of an "object" that is covered and in contact with soil or other fill material and not encased in conduit or a protective covering.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COVERAGE LIMITATIONS CHANGES**

This endorsement modifies insurance provided under the following:

### **MACHINERY AND EQUIPMENT COVERAGE FORM**

#### **SCHEDULE\***

	<b>New Limit of Insurance</b>
Expediting Expense Limitation	\$ _____
Hazardous Substance Limitation	\$ _____
Ammonia Contamination Limitation	\$ _____
Water Damage Limitation	\$ _____
Data, Media & Software Restoration Limitation	\$ _____
Ordinance or Law Limitation	\$ _____

If a new Limitation is shown in the SCHEDULE above for a specific coverage, that Limitation replaces the Limitation that is indicated in Section **C. LIMITS OF INSURANCE** of the Coverage Form.

\*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

# **MACHINERY AND EQUIPMENT - NOTICE TO POLICY HOLDERS**

## **DIVISION TWO - MACHINERY AND EQUIPMENT**

### **COVERAGE FORM AND ENDORSEMENTS**

#### **BROADENINGS, REDUCTIONS AND CLARIFICATIONS OF COVERAGE**

This is a summary of the major changes found in the new edition of the **BE 101** Machinery and Equipment Coverage Form and Endorsements applicable to this coverage form. **NO COVERAGE IS PROVIDED BY THIS SUMMARY.** Nor can it be construed to replace any provision of your policy. **YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE CAREFULLY** for complete information on the coverages that you are provided. If there is any conflict, between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

#### **BE 101, MACHINERY AND EQUIPMENT COVERAGE FORM**

Editorial changes or relocation of material that does not result in a change in coverage is not noted.

#### **CLARIFICATION**

The insuring agreement is amended to refer directly to an "accident" and clarifies that unless there is an "accident" there is no coverage. The insuring agreement now refers to a direct loss caused by an accident rather than a direct loss. The section Covered Cause of Loss is now deleted as reference to an accident is incorporated into the insuring agreement.

The concurrent causation language in the first paragraph of **B. EXCLUSIONS** is clarified.

A definition of actual cash value is added. The definition of actual cash value is added to the loss conditions valuation clause and is a clarification.

The non-owned equipment sub-limit is deleted. This clause triggered coverage under the indirect coverage endorsements not under this coverage part. The indirect coverage endorsements have been modified to include damage to non-owned property under certain circumstances.

#### **BROADENING**

The Property Not Covered section is now deleted. The deleted section concerned electronic data and media used with computers or processing equipment. This is a broadening of coverage subject to various limitations in the exclusions, conditions and definitions.

The exclusion for electronic data and media is deleted. This is an increase in coverage.

The definition of "accident" is amended to delete the exclusion of breakdown of electronic data equipment from the definition of an accident. This is a broadening of coverage.

The limits of insurance section regarding coverage limitation are restated to indicate that these are additional sub-limits of coverage. Several of these sub-limits are increased from \$25,000 to \$50,000. The increase limit applies to expediting expense, hazardous substance, ammonia contamination, and water damage. Two new sub-limits for electronic data restoration and ordinance or law are added at a \$50,000 sub-limit for each. This is a broadening of coverage.

The exclusion for an "accident" while testing equipment is deleted. This is an increase in coverage.

#### **REDUCTION**

Many of the exclusions referenced below are part of this coverage form because the perils excluded are covered under other policy forms.

Sink-hole collapse is added to the Earth Movement exclusion. This is a reduction in coverage to the extent that this was not already excluded. The prior sink-hole exclusion, which has been deleted, only applied if there was other coverage.

Water backup and fungus and remediation of fungus are newly added exclusions as these perils are better covered elsewhere. To the extent that these would have been covered this is a reduction in coverage.

The weight of snow, ice or sleet exclusion is moved from the exclusion which applies if there is other coverage whether collectible or not to a straight exclusion regardless of whether or not there is other coverage. This may be a reduction in coverage.

The exclusion of an accident that is a result of explosion or fire is changed to an exclusion of explosion, fire or smoke. This is a reduction in coverage to the extent that smoke was not already excluded. The prior smoke exclusion, which has been deleted, only applied if there was other coverage.

The exclusion for fire or explosion at the same time as an accident or which is caused by an accident is relocated. The clarification for electrical equipment that the fire or explosion occurs outside of the object is deleted. This may be a reduction in coverage.

#### **BE 202, COMBINED BUSINESS INCOME / EXTRA EXPENSE COVERAGE**

This form is amended to more closely follow the language used in other property coverage.

##### **BROADENING**

This coverage is invoked by damage to a covered object. Previously, non-owned equipment of a certain type within a certain radius from the premises was a covered object under the coverage part, **BE 101**. With this revision, non-owned equipment is no longer a covered object under the coverage part. Instead, non-owned utility equipment within one (1) mile of a covered location which supplies certain utility service is now a "object" under this endorsement. Coverage is preserved by broadening this form to include such non owned equipment while restricting the coverage part in the same manner as this is broadened. There is however more coverage now as the prior language only extended coverage to non owned objects within 500 feet of a covered location. It is now within one (1) mile instead of 500 feet of a covered location.

Exclusion **16**, is now also listed as not applicable under this endorsement which broadens coverage. The other exclusions listed as not applicable are renumbered to match changes in the coverage part, **BE 101**.

Three Conditions, Adjustment of Premium, Annual Reports and Coinsurance are deleted. We will no longer adjust premiums at policy anniversary only at an actual renewal. Removing the possibility of a coinsurance penalty is a broadening of coverage to the extent you may have been underinsured.

##### **CLARIFICATION**

The insuring agreement is restated to make use of the revised definition "actual loss of business income" and the newly added definition "extra expense".

The Payment Limits condition clarifies that any salvage value of substitute or temporary equipment acquired to reduce the loss by returning to business operations will offset the amount of extra expense paid after you resume normal operations.

A new clarifying definition, "Commencement of Liability", is added which is used in the definition of "Period of Restoration". The period of restoration begins with the commencement of liability which is the latter of when the accident occurs or 24 hours before we receive notice of the accident.

The Deductible section is amended to remove the Dollar Deductible option. We have not offered this option for sometime. The Schedule is also amended to delete this option.

#### **BE 203, EXTRA EXPENSE**

This form is amended to more closely follow the language used in other property coverage.

##### **BROADENING**

This endorsement provides only extra expense coverage, unlike the **BE 202** described above. As with that form, we make non-owned utility equipment a covered object so coverage will be triggered under this endorsement. As with the **BE 202** the radius from a covered location is extended to one (1) mile.

Exclusions **15**, and **16**, are now also listed as not applicable under this endorsement which broadens coverage. The other exclusion listed as not applicable is renumbered to match changes in the coverage part, **BE 101**.

##### **REDUCTION**

Notification to us of an accident will no longer be at our expense. This may be a reduction of coverage.

#### **BE 204, CONSEQUENTIAL DAMAGE**

This form is amended to more closely follow the language used in other property coverage.

##### **BROADENING**

As with Forms **BE 202** and **BE 203**, we make non-owned utility equipment a covered object so coverage will be triggered under this endorsement. As with those forms the radius from a covered location is extended to one (1) mile.

Exclusions **15**, and **16**, are now also listed as not applicable under this endorsement which broadens coverage. The other exclusion listed as not applicable is renumbered to match changes in the coverage part, **BE 101**.

We have deleted the limitation of loss to actual cash value. A valuation clause is added under Conditions increasing values to the replacement cost or selling price, depending upon what was damaged. This broadens coverage but will also require reevaluation of the limits of liability. A coinsurance condition still applies.

<i>SERFF Tracking Number:</i>	<i>CNNA-125481062</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>The Cincinnati Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>CBM-08-6005-AR</i>		
<i>TOI:</i>	<i>27.0 Boiler &amp; Machinery</i>	<i>Sub-TOI:</i>	<i>27.0000 Boiler &amp; Machinery</i>
<i>Product Name:</i>	<i>CBM-08-6005-AR</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number:	CNNA-125481062	State:	Arkansas
Filing Company:	The Cincinnati Insurance Company	State Tracking Number:	EFT \$50
Company Tracking Number:	CBM-08-6005-AR		
TOI:	27.0 Boiler & Machinery	Sub-TOI:	27.0000 Boiler & Machinery
Product Name:	CBM-08-6005-AR		
Project Name/Number:	/		

## Supporting Document Schedules

<b>Satisfied -Name:</b>	Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b>	Approved	03/03/2008
<b>Comments:</b>	PROPERTY AND CASUALTY TRANSMITTAL			
<b>Attachment:</b>	F777AR_307[1].pdf			
<b>Satisfied -Name:</b>	FORM FILING SCHEDULE	<b>Review Status:</b>	Approved	03/03/2008
<b>Comments:</b>	FORM FIILNG SCHEDULE			
<b>Attachment:</b>	F778IN_307.pdf			
<b>Satisfied -Name:</b>	MEMORANDUM	<b>Review Status:</b>	Approved	03/03/2008
<b>Comments:</b>	MEMORANDUM			
<b>Attachment:</b>	MEMOF.pdf			
<b>Satisfied -Name:</b>	ARKANSAS CHANGES	<b>Review Status:</b>	Approved	03/03/2008
<b>Comments:</b>				
<b>Attachment:</b>	IA4279AR 0106.pdf			

# Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td colspan="2">a. Date the filing is received:</td></tr> <tr><td colspan="2">b. Analyst:</td></tr> <tr><td colspan="2">c. Disposition:</td></tr> <tr><td colspan="2">d. Date of disposition of the filing:</td></tr> <tr><td colspan="2">e. Effective date of filing:</td></tr> <tr> <td style="width: 60%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> <tr><td colspan="2">f. State Filing #:</td></tr> <tr><td colspan="2">g. SERFF Filing #:</td></tr> <tr> <td>h. Subject Codes</td> <td></td> </tr> </table>	a. Date the filing is received:		b. Analyst:		c. Disposition:		d. Date of disposition of the filing:		e. Effective date of filing:		New Business		Renewal Business		f. State Filing #:		g. SERFF Filing #:		h. Subject Codes	
a. Date the filing is received:																					
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Renewal Business																					
f. State Filing #:																					
g. SERFF Filing #:																					
h. Subject Codes																					

<b>3. Group Name</b>	<b>Group NAIC #</b>
The Cincinnati Insurance Company	0244

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
The Cincinnati Insurance Company	Ohio	0244-10677	31-0542366	03

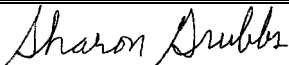
<b>5. Company Tracking Number</b>	<b>CBM-08-6005-AR</b>
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Sharon Grubbs 6200 South Gilmore Road Fairfield, Ohio 45014	Senior Filing Analyst	513-870-2091	513-870-2097	sharon_grubbs@cinfina.com

7. Signature of authorized filer	
8. Please print name of authorized filer	Sharon Grubbs

**Filing information** (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Division Two - Machinery and Equipment
10. Sub-Type of Insurance (Sub-TOI)	Division Two - Machinery and Equipment
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	n/a
12. Company Program Title (Marketing title)	n/a
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 09/01/08                      Renewal:
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	n/a
17. Reference Organization # & Title	n/a
18. Company's Date of Filing	02/11/08
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved



## Property & Casualty Transmittal Document—

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	CBM-08-6005-AR
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<b>21.</b>	<b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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See Memorandum

<b>22.</b>	<b>Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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**Check #:** EFT FILING FEE

**Amount:** \$50

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)  
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>		<b>CBM-08-6005-AR</b>		
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)		<b>N/A</b>		
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement or Withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	MACHINERY AND EQUIPMENT COVERAGE FORM	BE 101 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 101 06 04	CBM-04-6010-AR
02	COMBINED BUSINESS INCOME/EXTRA EXPENSE COVERAGE	BE 202 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 202 12 99	CBM-00-6006-AR
03	EXTRA EXPENSE	BE 203 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 203 12 99	CBM-00-6006-AR
04	CONSEQUENTIAL DAMAGE	BE 204 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 204 12 99	CBM-00-6006-AR
05	ACTUAL CASH VALUE	BE 427 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 427 12 99	CBM-00-6006-AR
06	OBJECT DEFINITIONS NO. 1 - PRESSURE AND REFRIGERATION OBJECTS	BE 442 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 442 12 99	CBM-00-6006-AR
07	OBJECT DEFINITION NO. 5 - COMPREHENSIVE COVERAGE (EXCLUDING PRODUCTION MACHINES)	BE 446 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 446 12 99	CBM-00-6006-AR
08	COVERAGE LIMITATIONS CHANGES	BE 450 08 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	BE 450 12 99	CBM-00-6006-AR
09	MACHINERY AND EQUIPMENT - NOTICE TO POLICY HOLDERS DIVISION TWO - MACHINERY AND EQUIPMENT COVERAGE FORM AND ENDORSEMENTS	BE 473 08 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

**ARKANSAS  
DIVISION TWO - MACHINERY AND EQUIPMENT  
FORMS MEMORANDUM**

<b>NEW FORM</b>	<b>OLD FORM</b>	<b>TITLE/DESCRIPTION OF CHANGE</b>
BE 101 08 07	BE 101 06 04	<p><b>MACHINERY AND EQUIPMENT COVERAGE FORM</b></p> <p>The exclusion for electronic data and media is deleted but is now subject to a new additional limit of insurance. Ordinance and law coverage is also added as an additional limit of insurance. The additional limit of insurance for both of these is \$50,000. The other additional limits, expediting expense, hazardous substance, ammonia contamination, and water damage, are all increased from \$25,000 to \$50,000. All of these additional limits of insurance are part of the coverage limit and not in addition to that limit.</p> <p>The non owned property coverage is deleted and will now be found in the forms which actually provide coverage due to the damage to non owned utility equipment.</p>
BE 202 08 07	BE 202 12 99	<p><b>COMBINED BUSINESS INCOME/EXTRA EXPENSE COVERAGE</b></p> <p>The form is amended to follow changes in the coverage part. Damage to certain non owned property becomes the coverage trigger and is now specified within this endorsement. The radius in which the damage may occur that will invoke coverage is amended from 500 feet to 1 mile from the premises.</p> <p>The fixed Dollar Deductible option is deleted as it was unused. The conditions of Adjustment of Premium, Annual Reports and Coinsurance are deleted. Adjustment to premium will be made only at renewal or a change in coverage.</p>
BE 203 08 07	BE 203 12 99	<p><b>EXTRA EXPENSE</b></p> <p>The form is amended to follow changes in the coverage part. The radius in which the damage may occur that will invoke coverage is amended from 500 feet to 1 mile from the premises.</p> <p>The coverage part exclusions 15. and 16. no longer apply to extra expense coverage provided by this endorsement.</p>
BE 204 08 07	BE 204 12 99	<p><b>CONSEQUENTIAL DAMAGE</b></p> <p>The form is amended to follow changes in the coverage part. The radius in which the damage may occur that will invoke coverage is amended from 500 feet to 1 mile from the premises.</p> <p>The coverage part exclusions 15. and 16. no longer apply to extra expense coverage provided by this endorsement.</p> <p>The limitation of loss to actual cash value is deleted and a new valuation clause is added.</p>
BE 427 08 07	BE 427 12 99	<p><b>ACTUAL CASH VALUE</b></p> <p>The form is amended to reflect changes made in the coverage part.</p>

<b>NEW FORM</b>	<b>OLD FORM</b>	<b>TITLE/DESCRIPTION OF CHANGE</b>
BE 442 08 07	BE 442 12 99	OBJECT DEFINITIONS NO. 1 - PRESSURE AND REFRIGERATION OBJECTS Clarification is made to various things and a definition of "buried" is added.
BE 446 08 07	BE 446 12 99	OBJECT DEFINITION NO. 5 - COMPREHENSIVE COVERAGE Clarification is made to various things and a definition of "buried" is added.
BE 450 08 07	BE 450 12 99	COVERAGE LIMITATIONS CHANGES The various additional limits of insurance may be increased by specifying a limit on this form. The newly added data and media, and ordinance or law limitations have been added to the list of options.
BE 473 08 07	-----	MACHINERY AND EQUIPMENT - NOTICE TO POLICY HOLDERS DIVISION TWO - MACHINERY AND EQUIPMENT COVERAGE FORM AND ENDORSEMENTS

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ARKANSAS CHANGES**

This endorsement modifies insurance provided under the following:

**MACHINERY AND EQUIPMENT COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART**

- A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The following is added to the Common Policy Conditions:

**MULTI-YEAR POLICIES**

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

- C. 1. Except as provided in **C.2.** below, the **Appraisal** Condition, if any, is replaced by the following:
- a. If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire.
  - b. An appraisal decision will not be binding on either party.
  - c. If there is an appraisal, we will still retain our right to deny the claim.
  - d. Each party will:
    - (1) Pay its chosen appraiser; and
    - (2) Bear the other expenses of the appraisal and umpire equally.
- C. 2. The **Appraisal** Condition in Business Income Coverage Form (and Extra Expense) and Business Income Coverage

Form (without Extra Expense) is replaced by the following:

- a. If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
- b. An appraisal decision will not be binding on either party.
- c. If there is an appraisal, we will still retain our right to deny the claim.
- d. Each party will:
  - (1) Pay its chosen appraiser; and
  - (2) Bear the other expenses of the appraisal and umpire equally.

- D. 1. This Paragraph, **D.**, does not apply to the following:

Farm Liability Form  
Legal Liability Coverage Form

2. The 2-year limitation in the **Legal Action Against Us** Condition is changed to 5 years.

**E. Valuation - Settlement**

When forming a part of this policy, the last paragraphs of the Valuation - Settlement General Condition **a.(3)** of the Crime General Provisions, and the Valuation - Settlement Additional Condition **(1)(c)** of the Safe Depository Direct Loss Coverage Form are replaced by the following:

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost may be determined by arbitration.

Either party may make a written request for an arbitration. However, arbitration will take

place only if both we and you agree, voluntarily, to have the value or cost of the property arbitrated. Moreover, an arbitration decision will not be binding on either party. However, even if there is arbitration, we will still retain our right to deny the claim.